



NEWS RELEASE

**STATE BOARD
OF EQUALIZATION**

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Member, BOE
Second District

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FOR IMMEDIATE RELEASE

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LEONARD ANNOUNCES 2004 TAXABLE SALES - SECOND QUARTER

Bill Leonard, Member of the California State Board of Equalization (BOE) today announced the taxable sales figures for the second quarter of 2004 are now available. Taxable sales in California rose sharply during the second quarter of 2004, marking the eighth consecutive gain in quarterly growth. Transactions subject to the sales and use tax totaled \$125 billion during the quarter, an increase of \$10.5 billion or 9.2 percent from the second quarter of 2003.

Retail stores posted taxable sales of \$86.6 billion, a 9.3 percent expansion over the same quarter of 2003. Sales were strong for both durable and nondurable taxable items. Retail sales of durable goods rose 8.8 percent, while non-durable goods sales showed a 9.9 percent gain.

Much of the gain in nondurable goods resulted from a dramatic increase in gasoline prices. Despite a 17.7 percent increase in prices, gasoline consumption rose by 1.9 percent and measured 4.0 billion gallons.

Between the steep price increases combined with the additional consumption, service station sales totaled \$8.6 billion in the second quarter of 2004, a 22.0 percent gain over the same period of 2003 (see chart on second page). Service station sales increased more than any other major category.

Building materials dealers and construction contractors had the next largest gains, consistent with increases in California residential and nonresidential construction activity. Taxable sales of building materials were \$8.8 billion in the second quarter, up 21.5 percent from a year earlier. Construction contractors reported taxable transactions of \$5.3 billion, an increase of 18.0 percent over the same quarter of 2003.

The apparel category also grew faster than it has on average, with an increase in taxable sales of 10.2 percent. The weakest major category during the second quarter was new car sales. Car dealers reported taxable sales of new cars totaling \$14.8 billion, just a 2.5 percent gain over the same period a year ago. This is consistent with weak national growth, where U.S. sales by new car dealers rose 1.6 percent in the same quarter. California business and personal services taxable transactions were also slow, increasing only 2.6 percent.

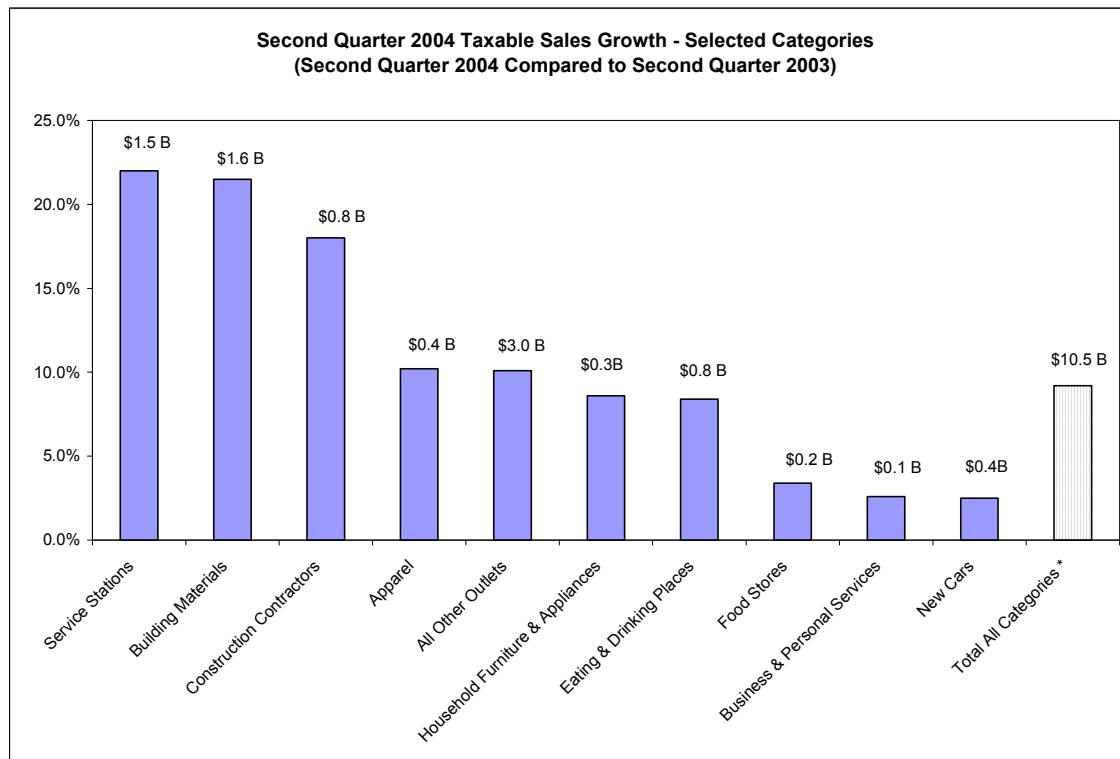
In constant dollar terms, second quarter 2004 taxable sales rose by 7.1 percent over the same quarter of 2003. The California Taxable Sales Deflator measured an inflation rate of 1.9 percent for the second quarter of 2004. Unlike most previous recent quarters, which showed deflation for taxable goods, the Taxable Sales Deflator rose at about the same rate as the California Consumer Price Index (CPI). The California CPI increased 2.1 percent in the first half of 2004 compared to the first half of 2003.

Bill Leonard, of Sacramento/Ontario, was elected to his first term as Second District Member of the State Board of Equalization in 2002. Prior to his election, he served in the State Assembly (1978-1988, 1996-2002) and in the State Senate (1988-1996).

The five-member Board of Equalization is a publicly elected tax board. The Board collects more than \$44 billion annually in taxes and fees supporting state and local government services. It also acts as the appellate body for business tax appeals, franchise and personal income tax appeals, and plays a significant role in the assessment and administration of property tax.

Other Board Members include Betty T. Yee of San Francisco, Acting Member, First District; Claude Parrish of Long Beach, Third District; Chairman John Chiang of Los Angeles, Fourth District and State Controller Steve Westly.

(Second quarter 2004 lists of Statewide Taxable Sales by Type of [Business](#), Taxable Sales by [County](#), and Taxable Sales by [City](#))



*This chart highlights specific categories but is not all-inclusive. Please see links above for other figures.

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